

Interstate Commerce Commission
Washington, D. C.

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RECORDATION NO. 10423 Filed 1425

JUN 5 1979 10 10 AM

Washington, D. C.

INTERSTATE COMMERCE COMMISSION

Gentlemen:

Enclosed for recordation under the provisions of
49 U.S.C. §11303 are the original and 13 counterparts of a
Security Agreement dated as of April 1, 1979.

A general description of the railroad rolling stock
covered by the enclosed document is set forth in Schedule A
attached to this letter and made a part hereof.

The names and addresses of the parties are:

Debtor: The Connecticut Bank and Trust
Company, as Trustee under
U. C. Trust No. 18
One Constitution Plaza
Hartford, Connecticut 06115

Secured Party: Wells Fargo Bank,
National Association
343 Sansome Street
San Francisco, California 94106

The undersigned is the Debtor mentioned in the enclosed
document and has knowledge of the matters set forth therein.

Please return the original and 11 copies of the
Security Agreement to Ronald E. Roden, Esq., Chapman and Cutler,
111 West Monroe Street, Chicago, Illinois 60603.

Also enclosed is a check in the amount of \$50.00
covering the required recording fee.

Very truly yours,

THE CONNECTICUT BANK AND TRUST
COMPANY, as Trustee under
U. C. Trust No. 18

By

Its ASSISTANT VICE PRESIDENT

DEBTOR AS AFORESAID

Enclosures

FEE OPERATION BR.
I.C.C.

JUN 5 10 06 AM '79

RECEIVED

Condensed E.T. Karpden

DESCRIPTION OF EQUIPMENT

<u>Number of Items</u>	<u>Description</u>	<u>Identifying Numbers (both inclusive)</u>
203	100-ton railroad covered hopper cars	UCFX 57101 through UCFX 57303
8	100-ton railroad tank cars	UCFX 30001 through UCFX 30008

Interstate Commerce Commission
Washington, D.C. 20423

6/5/79

OFFICE OF THE SECRETARY

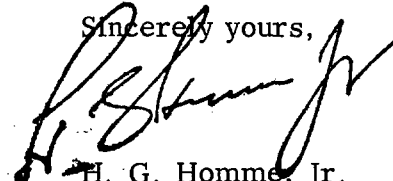
Ronald E. Roden, Esq.
Chapman and Cutler
111 West Monroe Street
Chicago, Illinois 60603

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C.

11303, on 6/5/79 at 6/5/79, and assigned recordation number(s). 10422 & 10423

Sincerely yours,



H. G. Homme, Jr.
Secretary

Enclosure(s)

SE-30
(3/79)

10423

RECORDATION NO. Filed 1425

JUN 5 1979 - 10 10 AM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

Dated as of April 1, 1979

FROM

THE CONNECTICUT BANK AND TRUST COMPANY

As Trustee under
U. C. Trust No. 18

Debtor

TO

WELLS FARGO BANK, NATIONAL ASSOCIATION

As Lender-Trustee

Secured Party

(203 Railroad Covered Hopper Cars
and
8 Railroad Tank Cars)

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ATTACHMENTS TO SECURITY AGREEMENT:

Schedule 1 - Description of Equipment

Exhibit 1 - Form of 9-3/4% Interim Secured Note

Exhibit 2 - Form of 9-3/4% Term Secured Note

SECURITY AGREEMENT

(U. C. Trust No. 18)

SECURITY AGREEMENT dated as of April 1, 1979 from THE CONNECTICUT BANK AND TRUST COMPANY, not individually but solely as Trustee under the Trust Agreement referred to in Section 1 hereof (the "Debtor"), whose post office address is 130 John Street, New York, New York 10038, to WELLS FARGO BANK, NATIONAL ASSOCIATION (the "Secured Party"), whose principal office is at 475 Sansome Street, San Francisco, California 94111.

R E C I T A L S:

A. The terms which are capitalized in this Security Agreement shall have the meanings indicated in Section 1 unless the context shall otherwise require.

B. The Debtor has entered into a Participation Agreement with the Lessee, the Equity, the Lenders and the Secured Party. The Participation Agreement provides for the commitment of the Lenders to make interim loans to the Debtor in the aggregate principal amount of \$6,700,000. The interim loans will be evidenced by Interim Secured Notes (the "Interim Notes") of the Debtor maturing not later than July 25, 1980. The Interim Notes are to be dated the date of issue, to bear interest at the rate of 9-3/4% per annum prior to maturity, to be payable semiannually on the 25th day of each January and July in each year and at maturity, and to be otherwise substantially in the form (with the appropriate insertions) attached as Exhibit 1. The Participation Agreement also provides that on the Primary Term Commencement Date for each Item of Equipment the Debtor shall issue and deliver to the Lenders, as a prepayment on the Interim Notes, Term Secured Notes (the "Term Notes") of the Debtor. The Term Notes are to be dated the date of issue, to bear interest at the rate of 9-3/4% per annum prior to maturity, to be payable semiannually on the 25th day of each January and July in each year and to be otherwise substantially in the form (with the appropriate insertions) attached as Exhibit 2. The Term Notes will be issued in three separate series: the Series 1 Term Notes, the Series 2 Term Notes and the Series 3 Term Notes.

C. The proceeds of the Notes are to be applied by the Debtor to finance a portion of the cost to the Debtor of the Equipment to be leased to the Lessee under the Lease.

D. This Security Agreement constitutes a Security Agreement for purposes of the Uniform Commercial Code of Connecticut

and also constitutes a mortgage of the Equipment and assignment of the Lease with respect to the Equipment for purposes of 49 U.S.C. §11303 (formerly Section 20c of the Interstate Commerce Act).

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt whereof is hereby acknowledged, the Debtor grants the Secured Party a security interest in the following-described property (the "Collateral"):

DIVISION A

Equipment Collateral

The Equipment described in Schedule A, together with all accessories, equipment, parts and appurtenances appertaining or attached thereto, whether now owned or hereafter acquired, and all substitutions or replacements thereof, and additions, improvements, accessions and accumulations thereto (other than additions, modifications and improvements which are owned by the Lessee under the terms of Section 8 of the Lease) and all income from and proceeds of the Equipment.

DIVISION B

Lease Collateral

The Lease, together with any and all extensions or renewals thereof, including:

(i) the immediate and continuing right to receive and collect all Basic Rent, insurance proceeds, condemnation awards and other payments, tenders and security now or hereafter payable to or receivable by the lessor pursuant to the Lease,

(ii) the right to make all consents, waivers and agreements and to give and receive duplicate copies of all notices and other instruments or communications (provided that so long as no Event of Default shall exist, the Secured Party shall not exercise the right to make any such consent, waiver or agreement without the prior written approval of the Debtor), and

(iii) the right to take any action upon the occurrence of an Event of Default under the Lease, including the commencement, conduct and consummation of any proceedings permitted by the Lease or by law, and to take any other action which the Debtor or any lessor is permitted to take under the Lease.

DIVISION C

Escrow Fund

The Escrow Fund, together with all income therefrom and proceeds thereof.

SUBJECT HOWEVER, to Permitted Encumbrances.

EXCEPTING AND RESERVING, HOWEVER, Excepted Rights in Collateral.

TO HAVE AND TO HOLD the Collateral IN TRUST, as herein provided, for the equal and proportionate benefit and security of all present and future holders of the Notes outstanding hereunder, without preference or distinction of any Note over any other Note. This Security Agreement is executed on the express condition that if the Debtor shall pay or cause to be paid all the Indebtedness Hereby Secured, then this Security Agreement shall become null and void. Otherwise this Security Agreement shall remain in full force and effect.

SECTION 1. DEFINITIONS.

1.01. Definitions. The following terms shall have the following meanings, unless the context otherwise requires:

"Default" means any event which with the giving of notice, or the lapse of time, or both, would be an Event of Default.

"Equipment" means the railroad cars described in Schedule A hereto and "Item of Equipment" means each such railroad car.

"Escrow Fund" means the proceeds of the Notes deposited with the Secured Party pursuant to Section 3.03 of the Participation Agreement.

"Excepted Rights in Collateral" means the following described property and rights and interests in property:

(a) All rights of the Debtor under the Lease to enter into consents, waivers and agreements with respect to the percentage use of the Equipment outside the United States set forth in Section 17.03(a) of the Lease; and

(b) Any insurance proceeds payable under general public liability policies maintained by the Lessee pursuant to Section 6.01 of the Lease which by the terms of such policies or the terms of the Lease are payable directly to the Debtor or the equity for its own account.

"Indebtedness Hereby Secured" means the outstanding Notes and all principal thereof (and premium, if any) and interest thereon and all additional amounts and other sums at any time due and owing from or required to be paid by the Debtor under the terms of the outstanding Notes, this Security Agreement or the Participation Agreement.

"Lease" means the Lease dated as of April 1, 1979 between the Debtor, as lessor, and the Lessee, as lessee, as the same may be amended and supplemented from time to time.

"Lessee" means Union Carbide Corporation, a New York corporation.

"Note" means any of, and "Notes" means all of, the then outstanding Interim Notes and Term Notes of all series.

"Officer's Certificate" means a certificate signed by (i) in the case of any corporation which, as trustee, is acting as the Debtor or the Secured Party, any Vice President, Assistant Vice President or Trust Officer of such corporation, (ii) in the case of the Lessee, a corporate officer or assistant officer of the Lessee or an officer of a division or subsidiary of the Lessee, and (iii) in the case of any other corporation, the Chairman of the Board, the President or any Vice President of such corporation.

"Opinion of Counsel" means an opinion in writing, signed by legal counsel who shall be satisfactory to the Secured Party and who may be counsel to the Debtor or the Lessee.

"Participation Agreement" means the Participation Agreement dated as of April 1, 1979 among the Lessee, the Equity, the Lenders, the Debtor and the Secured Party, as the same may be amended and supplemented from time to time.

"Permitted Encumbrances" means, collectively, (a) the right, title and interest of the Lessee under the Lease, (b) the lien of current taxes and assessments not in default, or, if delinquent, the validity of which is being contested in good faith, (c) Liens permitted by Section 9 of the Lease, and (d) Liens permitted by Section 10 of the Participation Agreement.

"Person" means an individual, partnership, corporation, trust or unincorporated organization, and a government or agency or political subdivision thereof.

"Security Agreement" means this Security Agreement.

"Trust Agreement" means the Trust Agreement dated as of April 1, 1979 between the Debtor and the Equity, as the same may be amended and supplemented from time to time.

1.02. Other Definitions in this Security Agreement.
The following terms used herein are defined elsewhere in this

Security Agreement as indicated below and have the meanings stated herein unless the context otherwise requires:

<u>Term</u>	<u>Section in Security Agreement</u>
Collateral	Granting Clause
Event of Default	6.01
Register	2.04
Series 1 Notes	Recital B
Series 2 Notes	Recital B
Series 3 Notes	Recital B

1.03. Other Definitions in the Participation Agreement.
The following terms used herein are defined in the Participation Agreement as indicated below and have the meanings specified therein unless the context hereof otherwise requires:

<u>Term</u>	<u>Section in Participation Agreement</u>
Equity	Preamble
Escrow Earnings	3.03
Escrow Fund	3.03
Group 1 Item	1.01
Group 2 Item	1.01
Group 3 Item	1.01
Investment	3.03
Lender	Preamble
Lien	1.01
Primary Term	
Commencement Date	1.01

1.04. Other Definitions in the Lease. The following terms used herein are defined in the Lease as indicated below and have the meanings specified therein unless the context hereof otherwise requires:

<u>Term</u>	<u>Section in Lease</u>
Basic Rent	1.01
Casualty Value	11.04

<u>Term</u>	<u>Section in Lease</u>
Interim Rent	3.02
Termination Value	11.04

SECTION 2. EXECUTION, REGISTRATION AND EXCHANGE OF NOTES.

2.01. Execution of Notes. The Notes shall be signed on behalf of the Debtor by its President, any Vice President or any other officer of the Debtor who, at the date of the actual execution thereof, shall be a proper officer to execute the same.

2.02. Registered Owners. All Notes shall be registered as to principal and interest. The Debtor, the Secured Party and all persons may treat the registered owner of the Note as the absolute owner thereof for all purposes. Neither the Debtor nor the Secured Party shall be affected by any notice or knowledge to the contrary, whether or not payments on such Note shall be overdue. The Debtor agrees, and every successive registered owner of Notes by accepting or holding the same shall be deemed to have agreed, to the foregoing provisions of this Section.

2.03. The Register. The Debtor will cause a register for the registration and transfer of Notes (herein called the "Register") to be kept at the principal office of the Secured Party. The names and addresses of the holders of the Notes, the transfers of the Notes and the names and addresses of the transferees of all Notes shall be registered in the Register.

2.04. Exchange of Notes. Upon surrender of any Note at the office of the Secured Party, the Debtor, at the request of the holder thereof, will execute and deliver in exchange therefor Notes of the same series in denominations of at least \$50,000 (except as may be necessary to reflect any principal amount not evenly divisible by \$50,000), in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Each such new Note shall be registered in the name of such person as such holder may request.

2.05. Replacement of Notes. Upon receipt by the Secured Party and the Debtor of evidence reasonably satisfactory to them of the ownership of and the loss, theft, destruction or mutilation of any Note, and

(a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to them (provided, if the holder of the Note is a Lender or an institutional investor (as defined in Section 14 of the Participation Agreement), its own agreement of indemnity shall be deemed to be satisfactory), or

(b) in the case of mutilation, upon surrender and cancellation of the Note,

the Debtor will execute and deliver, without expense to the holder, in lieu thereof, a new Note of like tenor.

2.06. The New Notes. (a) Each new Note (herein, in this Section 2.06, called a "New Note") issued pursuant to Section 2.04 or 2.05 in exchange for or in replacement of an outstanding Note (herein, in this Section 2.06, called an "Old Note") shall be dated the date of such Old Note. The Secured Party shall mark on each New Note (i) the date to which principal and interest have been paid on such Old Note, (ii) all payments and prepayments of principal previously made on such Old Note which are allocable to such New Note, and (iii) the amount of each installment payment payable on such New Note. Each installment payment payable on such New Note on any date shall bear the same proportion to the installment payment payable on such Old Note on such date as the original principal amount of such New Note bears to the original principal amount of such Old Note. Interest shall be deemed to have been paid on such New Note to the date on which interest shall have been paid on such Old Note, and all payments and prepayments of principal marked on such New Note, as provided in clause (ii) above, shall be deemed to have been made thereon.

(b) All New Notes issued pursuant to Section 2.04 or 2.05 in exchange for or in replacement of Old Notes shall be valid obligations of the Debtor evidencing the same debt as the Old Notes and shall be entitled to the benefits and security of this Security Agreement to the same extent as the Old Notes.

2.07. Transfers of Notes. All Notes presented or surrendered for transfer shall be duly endorsed or accompanied (if so required by the Debtor or by the Secured Party) by a written instrument of transfer, in form satisfactory to the Secured Party, duly executed by the registered holder or by its attorney duly authorized in writing. The Debtor and the Secured Party shall not be required to make a transfer of any Note for a period of ten days preceding any installment payment date with respect thereto.

2.08. Expenses. All expenses incurred by the Debtor or the Secured Party and all stamp taxes or governmental charges imposed in connection with the exchange or replacement of outstanding Notes not involving a transfer thereof to another party shall be paid by the Debtor.

2.09. Amortization Schedules. Upon the issuance of any Note pursuant to this Security Agreement, the Debtor shall deliver to the Secured Party two copies of an amortization schedule with respect to such Note setting forth the amount of the installment payments to be made on such Note after the date of issuance thereof and the unpaid principal balance of such Note after each such installment payment. The Secured Party shall deliver, or send by first-class mail, postage prepaid, one copy of the applicable schedule to the holder of such Note at its address set forth in the Register.

2.10. Cancellation of Notes. All Notes surrendered for the purpose of payment, redemption, transfer or exchange shall be delivered to the Secured Party for cancellation and shall be cancelled by it. The Secured Party shall deliver a certificate to the Debtor specifying any cancellation of Notes which has been made, and all such cancelled Notes shall be delivered to or disposed of as directed by the Debtor.

2.11. Payment of the Notes. The principal of, premium, if any, and interest on the Notes shall be payable at the principal corporate trust office of the Secured Party, in lawful money of the United States of America. Payment of principal and interest on the Notes shall be made only upon presentation of such Notes to the Secured Party for notation thereon of the amount of such payment.

However, if any Note is registered in the name of a Lender or its nominee, or registered in the name of any subsequent institutional lender named in a written notice from the Debtor to the Secured Party and stating that the provisions of this paragraph shall apply, the Secured Party shall make payment of interest on such Note and shall make payments or prepayments of principal of the Note (except in the case of a payment or prepayment which will discharge all indebtedness of the Debtor evidenced by such Note), and any premium either:

(i) by check, duly mailed, by first-class mail, postage prepaid, or delivered to such holder at its address appearing on the Register; or

(ii) if a bank account is designated in Schedule 1 to the Participation Agreement or in a written notice from a Lender or a subsequent institutional lender, by wire transfer in immediately available Federal Reserve funds to the bank for credit to the account specified in such notice.

In the case of any wire transfer, the Secured Party will cause the transfer to be transmitted from its office not later than 10:00 A.M., San Francisco time, on each date such payment or prepayment on the Notes is due. Before selling, transferring or otherwise disposing of such Note, such holder will present the Note to the Secured Party for transfer and notation as provided in Sections 2.06 and 2.07. All payments so made shall satisfy and discharge the liability upon such Note to the extent of the sums so paid. The Secured Party is authorized to act in accordance with the foregoing provisions and shall not be liable or responsible to any such holder or to the Debtor or to any other person for so doing.

SECTION 3. COVENANTS AND WARRANTIES OF THE DEBTOR.

The Debtor warrants and agrees as follows:

3.01. Debtor's Duties. The Debtor agrees to perform and observe its agreements under the Participation Agreement.

3.02. Warranty of Title. The Debtor has the right, power and authority under the Trust Agreement to grant a security interest in the Collateral to the Secured Party under this Security Agreement. The Debtor will warrant and defend the title to the Collateral against all claims and demands of persons claiming by, through or under the Debtor (excepting only Permitted Encumbrances). There is no financing statement or other instrument in which the Debtor is named and which the Debtor has signed, as debtor or mortgagor, now on file in any public office covering any of the Collateral excepting the financing statements or other instruments filed or to be filed in respect of the security interest under this Security Agreement.

3.03. Further Assurances. Upon the request in writing of the Secured Party, the Debtor will, at its own expense, execute, acknowledge and deliver all further instruments necessary or proper for the perfection of the security interest in the Collateral under this Security Agreement. The Debtor will notify the Lessee in the manner specified by the Secured Party of such security interest and, subject to Excepted Rights in Collateral, will direct the Lessee to make all payments of Basic Rent and other sums due and to become due under the Lease to or upon the order of the Secured Party.

3.04. After-Acquired Property. Any property described or referred to in the granting clauses hereof which is acquired by the Debtor after the date hereof shall without any further act on the part of the Debtor or the Secured Party, be subject to the security interest herein granted to the same extent as if specifically described herein. Nothing in this Section 3.04 shall relieve the Debtor of its obligations under Section 3.03 hereof.

3.05. Recordation and Filing. The Debtor will cause this Security Agreement and the Lease, and all financing and continuation statements and similar notices required by applicable law to be filed in such manner and in such places in the United States as may be required in order to preserve and protect the rights of the Secured Party under the laws of the United States. Promptly after the execution and delivery of this Security Agreement and of any supplemental security agreement, the Debtor will furnish the Secured Party an Opinion of Counsel stating that this Security Agreement or such supplement has been properly filed for record so as to make effective of record the security interest intended to be created hereby. The opinion shall also state the requirements of applicable law with respect to the re-recording or refiling of this Security Agreement and of each supplemental security agreement (or continuation statements or similar notice thereof) prior to the final maturity date of the Notes in order to maintain the lien and security interest granted thereunder in full force and effect as against creditors of and purchasers from the Debtor. The Debtor will pay all fees and expenses in connection with such filings and Opinions of Counsel.

3.06. Actions With Respect to Collateral. Subject to the rights which the Debtor has reserved as part of the Excepted Rights in Collateral:

(a) The Debtor will not declare a default or exercise any remedies of the Lessor under the Lease or agree to any termination, modification or surrender of the Lease unless such action is expressly required or permitted by this Security Agreement.

(b) The Debtor will not sell, mortgage, assign or grant a security interest in any of the Collateral except to the Secured Party.

3.07. Power of Attorney in Respect of the Lease. Subject always to Excepted Rights in Collateral, the Debtor irrevocably appoints the Secured Party its true and lawful attorney with full power of substitution, for it and in its name, (i) to demand, collect, receive and receipt for any and all Basic Rent and other sums which are assigned hereunder and to endorse the name of the Debtor on all commercial paper given in payment thereof, and (ii) during the continuance of any Event of Default under this Security Agreement, to sue for, compound, settle, adjust or compromise any claim for any and all such Basic Rent and other sums assigned hereunder as fully as the Debtor could itself do, in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of the Debtor or otherwise, which the Secured Party may deem necessary or appropriate to protect and preserve the security interest of the Secured Party in such Basic Rent and other sums.

SECTION 4. POSSESSION, USE AND RELEASE OF PROPERTY.

4.01. Possession and Use of Collateral. So long as no Default or Event of Default shall have occurred and be continuing, the Debtor has the right to the possession, control and use of the Equipment. Such possession, control and use of the Equipment shall at all times be subject to the observance and performance of the terms of this Security Agreement. The use and possession of the Equipment by the Lessee under and subject to the Lease is not a violation of this Section 4.01.

4.02. Release of Equipment. So long as no Event of Default referred to in Section 6 hereof exists to the knowledge of the Secured Party, the Secured Party shall execute a release in respect of any Item of Equipment designated by the Lessee for settlement pursuant to Section 11 of the Lease upon receipt of: (i) written notice from the Lessee identifying the Item of Equipment in respect of which the Lease will terminate, and (ii) settlement by the Lessee for such Item of Equipment in compliance with Section 11 of the Lease.

4.03. Release of Equipment-Consent of Noteholders. In addition to the release pursuant to the foregoing Section 4.02, the Debtor may sell or otherwise dispose of any Item of Equipment then subject to this Security Agreement, and the Secured Party shall release the same from this Security Agreement, but only on the terms and conditions provided for in any written consent at any time or from time to time executed by the holder or holders of the Indebtedness Hereby Secured.

4.04. Release of Equipment-Expiration of Term. So long as no Event of Default exists to the knowledge of the Secured Party, the Secured Party shall execute a release in respect of any Item of Equipment in the event that the Term Note or Term Notes issued to finance the acquisition of such Item of Equipment have been fully paid and discharged.

4.05. Protection of Purchaser. No purchaser in good faith of any Collateral purporting to be released hereunder shall be bound to ascertain the authority of the Secured Party to execute the release, or to inquire as to any facts required by the provisions hereof for the exercise of such authority; nor shall any purchaser in good faith of any Collateral be under obligation to ascertain or inquire into the conditions upon which any such sale is hereby authorized.

SECTION 5. PREPAYMENTS, APPLICATION OF ASSIGNED RENTS AND CERTAIN OTHER MONEYS RECEIVED BY THE SECURED PARTY.

5.01. Voluntary Prepayment. In addition to the prepayments required by Section 5.03 hereof, the Debtor shall have the privilege of prepaying the Notes in whole, but not in part, on July 25, 1990 or on any interest payment date thereafter, by payment of the principal amount of Notes and accrued interest thereon to the date of prepayment, together with a premium equal to the following respective percentages of the principal amount being prepaid:

<u>If Prepaid in the 12-month period beginning July 25</u>	<u>Premium (Percentage of Principal Amount)</u>
1990	4.8750%
1991	4.3875
1992	3.9000
1993	3.4125
1994	2.9250
1995	2.4375
1996	1.9500
1997	1.4625
1998	0.9750
1999	0.4875
2000 and thereafter	none

The Debtor will give notice of any such prepayment to each holder of the Notes not less than 30 nor more than 60 days prior to the date fixed for such prepayment. Upon the giving of such notice, the aggregate principal amount of the Notes shall become due on the date fixed for prepayment.

5.02. Application of Rents and Escrow Earnings. (a) So long as no Event of Default exists to the knowledge of the Secured

Party, the amounts received by the Secured Party which constitute payment of the installments of Interim Rent under the Lease or Escrow Earnings on Investments in the Escrow Fund under the Participation Agreement shall be applied:

First, to the pro rata payment of the installments of interest on all Interim Notes which have matured or will mature on or before the due date of such installments of Interim Rent; and

Second, the balance, if any, of such amounts shall be paid by wire transfer of immediately available funds to the Equity at the place of payment specified in Section 11.04 of the Trust Agreement promptly upon collection of such amounts by the Secured Party.

(b) So long as no Event of Default exists to the knowledge of the Secured Party, the amounts received by the Secured Party which constitute payment of the installments of Periodic Rent under the Lease shall be applied:

First, to the pro rata payment of the installments of interest and principal (and in each case first to interest and then to principal) on all Term Notes which have matured or will mature on or before the due date of such installments of Periodic Rent; and

Second, the balance, if any, of such amounts shall be paid by wire transfer of immediately available funds to the Equity at the place of payment specified in Section 11.04 of the Trust Agreement promptly upon collection of such amounts by the Secured Party.

5.03. Application of Casualty Value and Termination Value Payments. For convenience in administration of the security, each Series of Term Notes will identify the Group of Equipment financed with the proceeds of such Series of Term Notes. So long as no Event of Default exists to the knowledge of the Secured Party, the amounts received by the Secured Party which constitute settlement by the Lessee of the Casualty Value or the Termination Value of an Item of Equipment of any Group pursuant to Section 11 of the Lease shall be ratably applied:

First, to the prepayment without premium of the unpaid principal amount of the Series of Term Notes identifying such Group allocable to such Item of Equipment (determined as of the date of prepayment in accordance with Section 5.04 hereof), together with interest accrued to the date of prepayment on the amount so prepaid; and

Second, the balance, if any, of such amounts shall be paid by wire transfer of immediately available funds to the Equity at the place of payment specified

in Section 11.04 of the Trust Agreement promptly upon collection of such amounts by the Secured Party.

Each of the remaining installments of each Term Note of such Series shall be reduced in the proportion that the principal amount of the prepayment bears to the unpaid principal amount of such Term Note immediately prior to the prepayment.

5.04. Unpaid Principal Amount. The unpaid principal amount of the Term Notes of any Series allocable to an Item of Equipment financed with the proceeds of Term Notes of such Series shall mean as of any date an amount bearing the same relationship to the aggregate principal amount of the Term Notes of such Series unpaid on such date (giving effect to the payment of any regular installment payable on such date in respect of Term Notes of such Series) as the Total Cost of such Item of Equipment bears to the aggregate Total Cost of all Items of Equipment of such Group subject to this Security Agreement on such date.

5.05. Application During Event of Default. If an Event of Default exists, all amounts received by the Secured Party shall be applied in the manner provided for in Section 6.07 hereof.

SECTION 6. DEFAULTS AND OTHER PROVISIONS.

6.01. Events of Default. The term "Event of Default" for all purposes of this Security Agreement shall mean one or more of the following:

(a) Default in payment of an installment of the principal of, or interest or premium on, any Note when and as the same shall become due and payable, whether at the due date thereof or at the date fixed for prepayment or by acceleration or otherwise, and any such default shall continue unremedied for more than ten days;

(b) An "Event of Default" as set forth in Section 14 of the Lease;

(c) Default on the part of the Debtor or the Equity in the due observance or performance of any other agreement to be observed or performed by it under this Security Agreement or the Participation Agreement, and such default shall continue for thirty days after written notice thereof from the Secured Party to the Debtor and the Equity;

(d) Any representation or warranty made by the Debtor or the Equity herein or in the Participation Agreement or in any report, certificate, financial or other statement furnished in connection with this Security Agreement, the Lease or the Participation

Agreement, or the transactions contemplated thereby shall prove to be false or misleading in any material respect as of the date of the issuance or making thereof; or

(e) Any claim, lien or charge (other than Permitted Encumbrances) shall be asserted against or imposed upon any Item of Equipment which is prior to or on a parity with the security interest granted hereunder, and such claim, lien or charge shall not be discharged or removed within thirty days after written notice from the Secured Party or the holder of any Note to the Debtor, the Equity and the Lessee demanding the discharge or removal thereof.

6.02. Secured Party's Rights. The Debtor agrees that when any Event of Default exists, but subject always to Section 8 hereof, the Secured Party shall have the rights, options, duties and remedies of a secured party, and the Debtor shall have the rights and duties of a debtor, under the Uniform Commercial Code of Connecticut (regardless of whether such code or a law similar thereto has been enacted in the jurisdiction in which the rights or remedies are asserted). Without limiting the foregoing, the Secured Party may exercise any one or more or all, and in any order, of the following remedies:

(a) The Secured Party may, and upon the written request of the holders of not less than 25% in principal amount of the Notes shall, by notice in writing to the Debtor, declare the entire unpaid balance of the Notes to be immediately due and payable. When such declaration is made, all such unpaid balance, together with all accrued interest thereon, shall be and become immediately due and payable.

(b) Subject always to the rights, if any, of the Lessee under the Lease, the Secured Party personally or by agents or attorneys, shall have the right (subject to compliance with any applicable mandatory legal requirements) to take immediate possession of the Equipment, or any portion thereof. For that purpose, the Secured Party may pursue the Equipment wherever it may be located, and may enter any of the premises of the Debtor or the Lessee, with or without notice, demand, process of law or legal procedure, if this can be done without breach of the peace, and search for, take possession of, remove, keep and store the Equipment or use and operate or lease the Equipment until sold.

(c) Subject always to the rights, if any, of the Lessee under the Lease, the Secured Party may (if at the time such action is lawful and always subject to compliance with any mandatory legal requirements)

sell the Collateral, or any part thereof, at public auction to the highest bidder. The Secured Party may sell the Collateral with or without taking possession and either before or after taking possession and without instituting any legal proceeding. However, the Secured Party shall give notice of such sale by registered mail to the Debtor once at least ten days prior to the date of such sale and any other notice which may be required by law. The Secured Party may sell the Collateral in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Secured Party may determine, and at any place (whether or not it be the location of the Collateral or any part thereof) designated in the notice above referred to. However, any such sale shall be in a commercially reasonable manner. Any such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales, or for any such adjourned sale or sales, without further published notice. The Secured Party, the Debtor, the Equity or the holder or holders of the Notes or of any interest therein, may bid and become the purchaser at any such sale.

(d) Subject always to the rights, if any, of the Lessee under the Lease, the Secured Party may proceed to protect and enforce this Security Agreement and the Notes by suit or proceedings in equity, at law or in bankruptcy. Such suits or proceedings may be for the specific performance of any agreement herein contained or in execution or aid of any power herein granted or for foreclosure hereunder or for the appointment of a receiver or receivers for the Collateral or any part thereof, or, subject to the provisions of Section 8 hereof, for the recovery of judgment for the Indebtedness Hereby Secured or for the enforcement of any other proper, legal or equitable remedy available under applicable law.

(e) Subject always to the rights, if any, of the Lessee under the Lease, the Secured Party may proceed to exercise all rights, privileges and remedies of the Lessor under the Lease. The Secured Party may exercise all such rights and remedies either in the name of the Secured Party or in the name of the Debtor for the use and benefit of the Secured Party.

6.03. Certain Rights of Equity. The Secured Party shall give the holders of the Notes, the Debtor and the Equity prompt written notice of any Event of Default of which the Secured Party has knowledge (as defined in Section 7.03(a) hereof) and shall give the holders of the Notes, the Debtor and the Equity not less than ten days' prior written notice of the date (the "Enforcement Date") on which the Secured Party will exercise any

remedy or remedies pursuant to Section 6.02 hereof. If an Event of Default shall have occurred and be continuing, the Debtor shall have the following rights hereunder:

(a) Right to Cure. In the event that as a result of the occurrence of an Event of Default in respect of the payment of Periodic Rent under the Lease the Secured Party shall have insufficient funds to pay any payment of principal and interest on any Note on the day it becomes due and payable (unless there shall have occurred and be continuing any other Event of Default under the Lease), the Debtor may, but shall not be obligated to, pay to the Secured Party prior to the Enforcement Date, an amount which together with any Periodic Rent or portion thereof held by the Secured Party shall be sufficient to pay all principal and interest (including interest, if any, on overdue payments of principal and interest) then due and payable on the Notes; provided, however, that the Debtor may not exercise such right in respect of more than two consecutive Periodic Rent payment defaults.

Except as hereinafter in this Section 6.03(a) provided, the Debtor shall not obtain any Lien on any of the Collateral for or on account of costs or expenses incurred in connection with the exercise of such cure right, nor shall any claim of the Debtor against the Lessee or any other party for the repayment of such costs or expenses impair the prior right and security interest of the Secured Party in and to the Collateral. Upon such payment by the Debtor of the amount of principal and interest then due and payable on the Notes, the Debtor shall be subrogated to the rights of the Secured Party and the holders of the Notes in respect of the Periodic Rent which was overdue at the time of such payment and interest payable by the Lessee on account of its being overdue. Therefore, if no other Default or Event of Default shall have occurred and be continuing and if all principal and interest payments due on the Notes have been paid at the time of receipt by the Secured Party of such Periodic Rent, the Debtor shall be entitled to receive such Periodic Rent and such interest upon receipt thereof by the Secured Party; provided that (i) in the event the principal and interest on the Notes shall have become due and payable pursuant to Section 6.02(a) hereof, such subrogation shall, until principal of and interest on all Notes shall have been paid in full, be subordinated to the rights of the Secured Party and the holders of the Notes in respect of such payment of Periodic Rent and such interest on such overdue Periodic Rent prior to receipt by the Debtor of any amount pursuant to such subrogation, and (ii) the Debtor shall not be

entitled to seek to recover any such payment (or any payment in lieu thereof) except pursuant to the foregoing right of subrogation.

(b) Option to Prepay Notes. Whether or not the Debtor shall then have the right to cure an Event of Default under the Lease pursuant to Section 6.03(a) above, the Debtor may at its option prepay the Notes, without premium or penalty, by payment of the entire unpaid principal amount thereof, together with accrued interest thereon to the date of prepayment.

6.04. Acceleration Clause. In case of any sale of the Collateral pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Security Agreement, the principal of the Notes, if not previously due, and the interest accrued thereon, shall at once become and be immediately due and payable. In the case of any such sale, the purchaser or purchasers, for the purpose of making settlement for or payment of the purchase price, shall be entitled to turn in and use the Note or Notes and any claims for interest matured and unpaid thereon, in order that there may be credited as paid on the purchase price the sum apportionable and applicable to the Notes including principal and interest thereof out of the net proceeds of such sale after allowing for the proportion of the total purchase price required to be paid in cash.

6.05. Waiver by Debtor. To the full extent permitted by law, the Debtor agrees that it will not at any time:

(a) insist upon or plead or in any manner whatever claim or take any benefit or advantage of, any stay or extension law now or at any time hereinafter in force;

(b) claim, take, or insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisal of the Collateral or any part thereof prior to any sale or sales thereof to be made pursuant to any provision herein contained, or to the decree, judgment or order of any court of competent jurisdiction;

(c) after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and, to the full extent legally permitted, expressly waives for itself and on behalf of each and every Person, except decree or judgment creditors of the Debtor acquiring any interest in or title to the Collateral subsequent to the date of this Security Agreement, all benefit and advantage of any such law or laws; and

(d) to the full extent legally permitted, invoke or utilize any such law or laws or otherwise hinder,

delay or impede the execution of any power herein granted and delegated to the Secured Party, but will suffer and permit the execution of every such power as though no such power, law or laws had been made or enacted.

6.06. Effect of Sale. Any sale, whether under any power of sale or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, of the Debtor in and to the property sold and shall be a perpetual bar against the Debtor, its successors and assigns, and against any and all persons claiming the property sold or any part thereof under, by or through the Debtor, its successors or assigns (subject, however, to the rights, if any, of the Lessee under the Lease).

6.07. Application of Sale Proceeds. All amounts received, or then held by, the Secured Party, so long as an Event of Default has occurred and is continuing, including without limitation, the purchase money proceeds and/or avails of any sale of the Collateral, or any part hereof, and the proceeds and the avails of any remedy hereunder, shall be applied as follows:

(a) First, to the payment of reasonable costs and expenses of foreclosure or suit, if any, and of such sale, and of all proper expenses, liability and advances, including legal expenses and attorneys' fees, incurred or made hereunder by the Secured Party, or the holders of the Notes;

(b) Second, to the payment to the holders of the Notes of the amount then owing and unpaid on the Notes for principal and interest and in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid upon the Notes, then ratably according to the aggregate of such principal and the accrued and unpaid interest and premium, if any, with application on each Note to be made, first, to unpaid interest thereon, second, to unpaid premium, if any, thereon, and third, to the unpaid principal thereof; such application to be made upon presentation of the several Notes, and the notation thereon of the payment, if partially paid, or the surrender and cancellation thereof, if fully paid; and

(c) Third, to the payment of the surplus, if any, to the Debtor, its successors and assigns, or to whosoever may be lawfully entitled to receive the same.

6.08. Discontinuance of Remedies. In case the Secured Party shall have proceeded to enforce any right under this Security Agreement by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then the Debtor, the

Secured Party and the holders of the Notes shall be restored to their former positions and rights hereunder with respect to the Collateral.

6.09. Cumulative Remedies. No delay or omission of the Secured Party or of the holder of any Note to exercise any right or power arising from any default on the part of the Debtor, shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Secured Party, or the holder of any Note of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided herein. No remedy hereunder is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing. The taking or enforcement of any other or additional security, collateral or guaranty for the payment of the Indebtedness Hereby Secured shall not operate to prejudice, waive or affect the security of this Security Agreement or any rights, powers or remedies hereunder. The Secured Party or holder of any of the Notes shall not be required to first look to, enforce or exhaust such other or additional security, collateral or guaranties.

SECTION 7. THE SECURED PARTY.

The Secured Party accepts the trusts hereunder and agrees to perform the same, but only upon the terms and conditions hereof, including the following, to all of which the Debtor and the respective holders of the Notes at any time outstanding by their acceptance thereof agree:

7.01. Duties of Secured Party. The Secured Party undertakes (i) except while an Event of Default actually known to the Secured Party shall have occurred and be continuing, to perform such duties as are specifically set forth in this Security Agreement, and (ii) while an Event of Default actually known to the Secured Party shall have occurred and be continuing, to exercise such of the rights and powers as are vested in it by this Security Agreement and to use the same degree of care and skill in their exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

The Secured Party, upon receipt of instruments furnished to the Secured Party pursuant to the provisions of this Security Agreement, shall examine the same to determine whether or not such instruments conform to the requirements of this Security Agreement.

7.02. Secured Party's Liability. No provision of this Security Agreement shall be construed to relieve the Secured Party from liability for its own negligent action, negligent failure to act, or its own wilful misconduct, except that:

(a) unless an Event of Default actually known to the Secured Party shall have occurred and be continuing, the Secured Party shall not be liable except for the performance of such duties as are specifically set forth in this Security Agreement and no implied covenants or obligations shall be read into this Security Agreement against the Secured Party but the duties and obligations of the Secured Party shall be determined solely by the express provisions of this Security Agreement;

(b) in the absence of bad faith on the part of the Secured Party, the Secured Party may rely upon the authenticity of, and the truth of the statements and the correctness of the opinions expressed in, and shall be protected in acting upon, any resolution, Officer's Certificate, Opinion of Counsel, request, notice, consent, waiver, order, signature guaranty, notarial seal, stamp, acknowledgment, verification, appraisal, report, stock certificate or other paper or document believed by the Secured Party to be genuine and to have been signed, affixed or presented by the proper party or parties;

(c) in the absence of bad faith on the part of the Secured Party, whenever the Secured Party, or any of its agents, representatives, experts or counsel, shall consider it necessary or desirable that any matter be proved or established, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by an Officer's Certificate; provided, however, that the Secured Party, or such agent, representative, expert or counsel, may require such further and additional evidence and make such further investigation as it or they may consider reasonable;

(d) the Secured Party may consult with counsel and the advice or Opinion of Counsel with respect to legal matters shall be full and complete authorization and protection in respect of any action taken or suffered hereunder in good faith and in accordance with such advice or Opinion of Counsel;

(e) the Secured Party shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with any direction or request of the holders of the Notes;

(f) the Secured Party shall not be liable for any error of judgment made in good faith by an officer of the Secured Party unless it shall be proved that the Secured Party was negligent in ascertaining the pertinent facts;

(g) the Secured Party shall not be deemed to have knowledge of any Default or Event of Default unless and until an officer of the Secured Party who customarily handles corporate trusts shall have actual knowledge thereof or the Secured Party shall have received written advice thereof from the holder of any Note;

(h) whether or not an Event of Default shall have occurred, the Secured Party shall not be under any obligation to take any action under this Security Agreement which may tend to involve it in any expense or liability, the payment of which within a reasonable time is not, in its reasonable opinion, assured to it by the security afforded to it by the terms of this Security Agreement, unless and until it is requested in writing so to do by one or more holders of the Notes outstanding hereunder and furnished, from time to time as it may require, with reasonable security and indemnity; and

(i) whether or not an Event of Default shall have occurred, whenever it is provided in this Security Agreement that the Secured Party consent to any act or omission by any person or that the Secured Party exercise its discretion in any manner, the Secured Party may (but need not) seek the written acquiescence of the holders of at least 66-2/3% in principal amount of the Notes then outstanding and, unless written evidence of such acquiescence has been received by the Secured Party, it shall be fully justified in refusing so to consent or so to exercise its discretion; provided, however, holders of 66-2/3% in principal amount of the Notes from time to time outstanding shall have the right, upon furnishing to the Secured Party such indemnification as the Secured Party shall reasonably request, by an instrument in writing delivered to the Secured Party, to determine which of the remedies herein set forth shall be adopted and to direct the time, method and place of conducting all proceedings to be taken under the provisions of this Security Agreement for the enforcement thereof or of the Notes, but the Secured Party shall have the right to decline to follow any such direction if the Secured Party shall be advised by counsel that the action or proceedings so directed may not lawfully be taken or would be unjustly prejudicial to the holders of the Notes not parties to such direction.

7.03. No Responsibility of Secured Party for Recitals.
The recitals and statements contained herein and in the Notes shall be taken as the recitals and statements of the Debtor, and the Secured Party assumes no responsibility for the correctness of the same, nor shall the Secured Party have any responsibility for or any liability with respect to any disclosure, warranty,

representation or concealment or failure to disclose in connection with the offering, solicitation, sale or distribution of the Notes by the Debtor or by any other person.

The Secured Party makes no representation as to the validity or sufficiency of this Security Agreement, or of the Notes secured hereby, the security hereby or thereby afforded, the title of the Debtor to the Collateral or the description thereof, or the filing or recording or registering of this Security Agreement or any other document.

The Secured Party shall not be concerned with or accountable to anyone for the use or application of any deposited moneys which shall be released or withdrawn in accordance with the provisions of this Security Agreement or of any property or securities or the proceeds thereof which shall be released from the security interest hereof in accordance with the provisions of this Security Agreement.

7.04. Certain Limitations on Secured Party's Rights to Compensation and Indemnification. The Secured Party agrees that it shall have no right against any purchaser or the holder of any Note expenses or disbursements incurred in connection with the exercise and performance of its powers and duties hereunder or any indemnification against liabilities which it may incur in the exercise and performance of such powers and duties but on the contrary, shall look solely to the Lessee under the Lease and the Equity under Section 15.17 of the Participation Agreement for such payment and indemnification and that it shall have no lien on or security interest in the Collateral as security for such compensation, expenses, disbursement and indemnification except to the extent provided for in Section 6.07(a) hereof.

7.05. Status of Moneys Received. All moneys received by the Secured Party shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys, except to the extent required by law, and may be deposited by the Secured Party under such general conditions as may be prescribed by law in the Secured Party's general banking department, and the Secured Party shall be under no liability for interest on any moneys received by it hereunder.

7.06. Secured Party May Hold Notes. The Secured Party and any affiliated corporation may become the owner of any Note secured hereby and be interested in any financial transaction with the Debtor or the Lessee or any affiliated corporation, or the Secured Party may act as depositary or otherwise in respect to other securities of the Debtor or the Lessee or any affiliated corporation, all with the same rights which it would have if not the Secured Party.

7.07. Resignation of Secured Party. The Secured Party may resign and be discharged from the trusts created hereby by

delivering notice thereof, by first-class mail, postage prepaid, to the Debtor and all holders of the Notes at the time outstanding, specifying a date (not earlier than 60 days after the date of such notice) when such resignation shall take effect.

Such resignation shall take effect on the day specified in such notice, unless previously a successor Secured Party shall have been appointed as provided in Section 7.09 in which event such resignation shall take effect immediately upon the appointment of such successor Secured Party.

7.08. Removal of Secured Party. The Secured Party may be removed at any time, for or without cause, by an instrument or instruments in writing executed by the holders of a majority in aggregate principal amount of the Notes at the time outstanding and delivered to the Secured Party with a copy to the Debtor, specifying the removal and the date when it shall take effect.

7.09. Appointment of Successor Secured Party. In case at any time the Secured Party shall resign or be removed or become incapable of acting, a successor Secured Party may be appointed by the holders of a majority in aggregate principal amount of the Notes at the time outstanding, by an instrument or instruments in writing executed by such holders and filed with such successor Secured Party.

Until a successor Secured Party shall be so appointed by the holders of the Notes, the Debtor may (but shall not be obligated to) appoint a successor Secured Party to fill such vacancy, by an instrument in writing executed by the Debtor and delivered to the successor Secured Party. If all or substantially all of the Collateral shall be in the possession of one or more receivers, trustees, liquidators or assignees for the benefit of creditors, then such receivers, trustees, custodians, liquidators or assignees may, by an instrument in writing delivered to the successor Secured Party, appoint a successor Secured Party. Promptly after any such appointment, the Debtor or any such receivers, trustees, custodians, liquidators or assignees, as the case may be, shall give notice thereof by first-class mail, postage prepaid, to each holder of Notes at the time outstanding.

Any successor Secured Party so appointed by the Debtor, or such receivers, trustees, custodians, liquidators or assignees shall immediately and without further act be superseded by a successor Secured Party appointed by the holders of a majority in aggregate principal amount of the Notes then outstanding.

If a successor Secured Party shall not be appointed pursuant to this Section within 60 days after a vacancy shall have occurred in the office of the Secured Party, the holder of any Note or such retiring Secured Party (unless the retiring Secured Party is being removed) may apply to any court of competent jurisdiction to appoint a successor Secured Party, and such court may thereupon, after such notice, if any, as it may consider proper, appoint a successor Secured Party.

7.10. Succession of Successor Secured Party. Any successor Secured Party appointed hereunder shall execute, acknowledge and deliver to the Debtor, and the predecessor Secured Party an instrument accepting such appointment, and thereupon such successor Secured Party, without any further act, deed, conveyance or transfer, shall become vested with a security interest in the Collateral, and with all the rights, powers, trusts, duties and obligations of the predecessor Secured Party in the trust hereunder, with like effect as if originally named as Secured Party herein.

Upon the request of any successor Secured Party, however, the Debtor and the predecessor Secured Party shall execute and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Secured Party a security interest in the Collateral and all such rights, powers, trusts, duties and obligations of the predecessor Secured Party hereunder, and the predecessor Secured Party shall also assign and deliver to the successor Secured Party any property subject to the security interest of this Security Agreement which may then be in its possession.

Any Secured Party which has resigned or been removed shall nevertheless continue to retain the benefit of the priority with respect to the proceeds of the Collateral afforded to it by Section 6.07(a) hereof.

7.11. Eligibility of Secured Party. The Secured Party shall be a state or national bank or trust company in good standing organized under the laws of the United States of America or of the State of California, Illinois or New York and having its principal office in the City of San Francisco, Chicago, or New York, having capital, surplus and undivided profits aggregating at least \$50,000,000, if there be such a bank or trust company willing and able to accept such trust upon reasonable and customary terms.

In case the Secured Party shall cease to be eligible in accordance with the provisions of this Section, the Secured Party shall resign immediately in the manner and with the effect specified in Section 7.07 hereof.

7.12. Successor Secured Party by Merger. Any corporation into which the Secured Party may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Secured Party shall be a party, or any state or national bank or trust company in any manner succeeding to the corporate trust business of the Secured Party as a whole or substantially as a whole, if eligible as provided in Section 7.11 hereof, shall be the successor of the Secured Party hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything to the contrary contained herein notwithstanding.

7.13. Co-Trustees. At any time, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the

Collateral may at the time be located, the Debtor and the Secured Party jointly shall have the power and may (but shall not be obligated to) execute and deliver all instruments, to appoint one or more persons approved by the Secured Party, to act as co-trustee, or co-trustees, of all or any part of the Collateral, and to vest in such person or persons, in such capacity, such title to the Collateral or any part thereof, and such rights, powers, duties, trusts or obligations as the Debtor and the Secured Party may consider necessary or desirable. If the Debtor shall not have joined in such appointment within 15 days after the receipt by it of a request so to do, or in case an Event of Default shall have occurred and be continuing, the Secured Party alone shall have power to make such appointment.

SECTION 8. LIMITATIONS OF LIABILITY.

8.01. Limitation of Debtor's Liability. The Debtor is acting solely in a fiduciary capacity under the Trust Agreement, and is executing this Security Agreement and the Secured Notes only in such fiduciary capacity, with the purpose and intention of binding only the Estate, as defined in the Trust Agreement. Accordingly, the Debtor in its individual capacity shall not be bound by nor have any liability or responsibility for any representation, warranty or agreement made by or for the performance of or any failure to perform any obligation or duty undertaken by the Debtor herein or in the Notes. However, the Debtor in its individual capacity shall be bound by and have liability and responsibility for any representation, warranty or agreement made by the Debtor in Sections 7, 8.02 and 10 of the Participation Agreement. Each of the Lenders, the Secured Party and the holders of the Notes, by their acceptance thereof, agrees that they will look solely to the Estate (as defined in the Trust Agreement) for payment of (1) principal, premium, if any, and interest on the Notes, and (2) any damages, losses, penalties, costs, expenses or disbursements of any kind or nature whatsoever in any way resulting from or arising out of any breach by the Debtor of any of the representations, warranties, agreements, duties or obligations made or undertaken by the Debtor in any of said Agreements, provided that said parties may look to the Debtor in its individual capacity for payment of any such damages, losses, penalties, costs, expenses or disbursements in any way resulting from or arising out of any breach by the Debtor of any representation, warranty or agreement made by the Debtor in Sections 7, 8.02 and 10 of the Participation Agreement.

8.02. Limitation of Equity's Liability. The Equity shall not be liable in its individual capacity to any Lender, the Secured Party or any holder of the Notes for payment of principal, premium, if any, or interest on the Notes and each such Lender, Secured Party or holder, by its acceptance of the Notes, agrees that it will look solely to the Estate (as defined in the Trust Agreement) for payment of principal, premium, if any, and interest on the Notes notwithstanding any rights inconsistent with the foregoing which such Lender, Secured Party or holder may have in any bankruptcy or any reorganization of the Estate.

SECTION 9. RELATIVE POSITION OF SECURITY AGREEMENT.

The security interest in the Equipment of this Security Agreement is expressly made subject and subordinate to the rights of the Lessee under the Lease.

SECTION 10. SUPPLEMENTAL SECURITY AGREEMENTS; WAIVERS.

10.01. Supplemental Security Agreements Without Noteholders' Consent. The Debtor and the Secured Party may enter into an agreement or agreements supplemental hereto for any one or more or all of the following purposes:

(a) to add to the covenants and agreements to be observed by, and to surrender any right or power reserved to or conferred upon the Debtor;

(b) to subject to the security interest of this Security Agreement additional property hereafter acquired by the Debtor and intended to be subjected to the security interest of this Security Agreement, and to correct and amplify the description of any property subject to the security interest of this Security Agreement;

(c) to permit the qualification of this Security Agreement under the Trust Indenture Act of 1939, as amended, or any similar Federal statute hereafter in effect, except that nothing herein contained shall permit or authorize the inclusion of the provisions referred to in Section 316(a)(2) of said Trust Indenture Act of 1939 or any corresponding provision in any similar Federal statute hereafter in effect; or

(d) for any other purpose not inconsistent with the terms of this Security Agreement, or to cure any ambiguity or cure, correct or supplement any defect or inconsistent provisions of this Security Agreement or any supplement;

and the Debtor covenants to perform all requirements of any such supplemental agreement. No restriction or obligation imposed upon the Debtor may be waived or modified by such supplemental agreements executed pursuant to this Section 10.01. Any supplemental agreement executed pursuant to this Section 10.01 or Section 10.02 shall, upon execution, form a part of this Security Agreement.

10.02. Waivers and Consents by Noteholders; Supplemental Security Agreements with Noteholders' Consent. With the consent in writing of the holders of at least 66-2/3% in aggregate principal amount of the Notes:

(a) the Debtor may take any action prohibited, or omit the taking of any action required, by any of the provisions of this Security Agreement or any agreement supplemental hereto; or

(b) the Debtor and the Secured Party may enter into an agreement or agreements supplemental hereto for the purpose of adding, changing or eliminating any provisions of this Security Agreement or modifying in any manner the rights and obligations of the holders of the Notes and the Debtor.

However, without the consent in writing of the holders of all of the outstanding Notes, no such waiver or supplemental agreement shall:

(i) extend the time of payment of principal of or interest on any Note or reduce the principal amount thereof or change the rate of interest thereon, or

(ii) change any of the provisions with respect to optional prepayments, or

(iii) subordinate the Notes or the security interest created by this Security Agreement in favor of other creditors of the Debtor, or

(iv) amend this Section 10.02.

10.03. Solicitation of Noteholders. The Debtor will not solicit or negotiate for any proposed waiver or agreement supplemental hereto unless, prior to such waiver or agreement becoming effective, each holder of the Notes (irrespective of the amount of Notes then owned by it) shall be informed thereof by the Debtor and shall be afforded the opportunity of considering the same and shall be supplied by the Debtor with sufficient information to enable it to make an informed decision with respect thereto. Executed or true and correct copies of any waiver or amendment effected pursuant to the provisions of Section 10.02 hereof shall be delivered by the Debtor to each holder of outstanding Notes forthwith following the date on which the same shall have been executed and delivered by the holder or holders of the requisite percentage of outstanding Notes. The Debtor will not, directly or indirectly, pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, to any holder of the Notes as consideration for or as an inducement to the entering into by any holder of the Notes of any waiver or agreement supplemental hereto unless such remuneration is concurrently paid, on the same terms, ratably to the holders of all of the Notes then outstanding.

SECTION 11. MISCELLANEOUS.

11.01. Incorporation by Reference. The provisions set forth in Section 15 of the Participation Agreement (other than

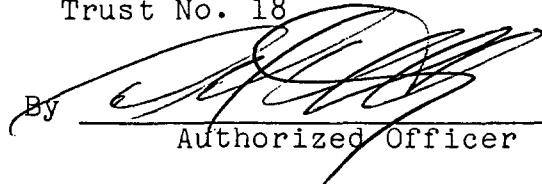
Sections 15.06, 15.11, 15.12 and 15.17) are incorporated by reference and made a part of this Security Agreement as if set forth in this Section 11.01.

11.02. Release. Upon presentation of satisfactory evidence that any Series of Term Notes has been fully paid, the Secured Party by proper instrument or instruments shall release the security interest granted hereby insofar as it relates to the Items of Equipment financed with the proceeds of such Series of Term Notes.

11.03. Law Governing. This Security Agreement shall be construed in accordance with the laws of the State of Connecticut. However the parties shall be entitled to all rights conferred by any applicable Federal statute, rule or regulation.

IN WITNESS WHEREOF, the Debtor and the Secured Party have executed this Security Agreement.

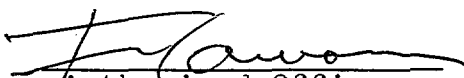
THE CONNECTICUT BANK AND TRUST
COMPANY, not individually but
solely as Trustee under U. C.
Trust No. 18

By 
Authorized Officer

DEBTOR

[CORPORATE SEAL]

Attest:


Authorized Officer

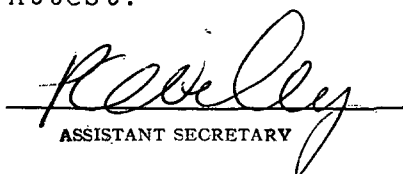
WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Trustee as
aforesaid

By 
Trust Officer

SECURED PARTY

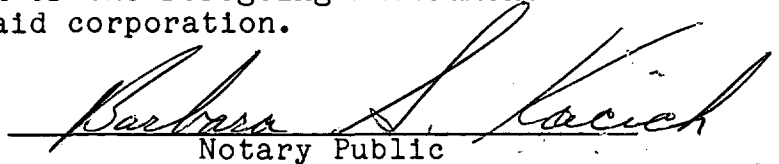
[CORPORATE SEAL]

Attest:


ASSISTANT SECRETARY

STATE OF CONNECTICUT)
)
COUNTY OF HARTFORD) SS

On this 4th day of June, 1979, before me personally appeared DONALD E. SMITH, to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of THE CONNECTICUT BANK AND TRUST COMPANY, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.


Notary Public

[NOTARIAL SEAL]

BARBARA S. KACICH
NOTARY PUBLIC
MY COMMISSION EXPIRES MARCH 31, 1982

My Commission Expires:

STATE OF CALIFORNIA)
)
COUNTY OF SAN FRANCISCO) SS

On this 30th day of MAY, 1979, before me personally appeared R. T. DREILING, to me personally known, who, being by me duly sworn, says that he is a Trust Officer of WELLS FARGO BANK, NATIONAL ASSOCIATION, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.


Notary Public

[NOTARIAL SEAL]

My Commission Expires:



One Embarcadero Center, San Francisco, CA 94111

DESCRIPTION OF EQUIPMENT

<u>Number of Items</u>	<u>Description</u>	<u>Identifying Numbers (both inclusive)</u>
203	100-ton railroad covered hopper cars	UCFX 57101 through UCFX 57303
8	100-ton railroad tank cars	UCFX 30001 through UCFX 30008

THE CONNECTICUT BANK AND TRUST COMPANY,
As Trustee under U. C. Trust No. 18

9-3/4% INTERIM SECURED NOTE

Number:

\$

, 19

FOR VALUE RECEIVED the undersigned, THE CONNECTICUT BANK AND TRUST COMPANY, not individually but solely as Trustee (the "Lessor") under a Trust Agreement dated as of April 1, 1979 (the "Trust Agreement") with J. P. Morgan Interfunding Corp., a Delaware corporation (the "Equity"), promises to pay to

or registered assigns, on the earlier of (i) the Final Primary Term Commencement Date (as defined in the Participation Agreement hereafter referred to) or (ii) July 25, 1980 the principal amount of

_____, together with interest from and including the date hereof until maturity on the principal balance from time to time remaining unpaid hereon at the rate of 9-3/4% per annum computed on the basis of a 360-day year of twelve consecutive 30-day months (the "Bond Basis") payable on the 25th day of each July and January and at maturity; and to pay interest computed on the Bond Basis at the rate of 10-3/4% per annum on the principal from and after the maturity thereof, whether by acceleration or otherwise, until paid, provided that there shall be no interest due in respect of any of said installments for the period from and after the maturity thereof if the date of maturity thereof is not a business day and said installment is paid on the first business day following such date of maturity.

All payments of principal of and interest on this Note shall be made at the principal office of Wells Fargo Bank, National Association, 343 Sansome Street, San Francisco, California 94106, in coin or currency of the United States of America which at the time of payment shall be legal tender for the payment of public and private debts.

This Note is one of the 9-3/4% Interim Secured Notes which together with the 9-3/4% Term Secured Notes of the Lessor (said Term Secured Notes and Interim Secured Notes being herein collectively called the "Notes") are issued under and pursuant to the Participation Agreement dated as of April 1, 1979 (the "Participation Agreement") among the Lessor, the Equity, Union

Carbide Corporation, Wells Fargo Bank, National Association, as Lender-Trustee (the "Secured Party") and the Lenders named in Schedule 1 thereto (the "Lenders") and is equally and ratably with said other Notes secured by that certain Security Agreement dated as of April 1, 1979 (the "Security Agreement") from the Lessor to the Secured Party.

This Note and the holder hereof are entitled equally and ratably with the holders of all other Notes, to all of the benefits and security provided for by or referred to in the Participation Agreement, the Security Agreement and all supplemental Security Agreements executed pursuant to the Participation Agreement and the Security Agreement, to which instruments reference is made for a statement thereof, including a description of the collateral, the nature and extent of the security and the rights of the Secured Party, the holder or holders of the Notes and the Lessor in respect thereof.

This Note is registered on the books of the Secured Party and is transferable only by surrender thereof at the principal office of the Secured Party duly endorsed or accompanied by a written instrument of transfer duly executed by the registered holder of this Note or his attorney duly authorized in writing. Payment of or on account of principal, premium, if any, and interest on this Note shall be made only to or upon the order in writing of the registered holder.

This Note may be declared due prior to its expressed maturity date all in the events, on the terms and in the manner provided for in the Security Agreement. Certain prepayments may be made hereon at the option of the Lessor and certain prepayments are required to be made hereon on the terms and in the manner provided for in the Participation Agreement and the Security Agreement.

The Lessor is acting solely in a fiduciary capacity under the Trust Agreement, and is executing this Note only in such fiduciary capacity, with the purpose and intention of binding only the Estate, as defined in the Trust Agreement. Accordingly, Lessor in its individual capacity shall not be bound by nor have any liability or responsibility for any representation, warranty or agreement made by or for the performance of or any failure to perform any obligation or duty undertaken by Lessor herein. However, Lessor in its individual capacity shall be bound by and have liability and responsibility for any representation, warranty or agreement made by Lessor in Sections 7, 8.02 and 10 of the Participation Agreement.

The Equity shall not be liable in its individual capacity to any Lender, the Secured Party or any holder of the Secured Notes for payment of principal, premium, if any, or interest on this Note and each such Lender, Lender-Trustee or holder, by its acceptance of this Note, agrees that it will look solely to the Estate (as defined in the Trust Agreement) for payment of

principal, premium, if any, and interest on this Note notwithstanding any rights inconsistent with the foregoing which such Lender, Lender-Trustee or holder may have in any bankruptcy or any reorganization of the Estate.

This Note shall be governed by and construed in accordance with the laws of the State of Connecticut.

THE CONNECTICUT BANK AND TRUST
COMPANY, as Trustee as aforesaid

By _____

Its _____

NOTICE:

THIS NOTE HAS NOT BEEN REGISTERED PURSUANT TO THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE, AND MAY BE OFFERED OR SOLD ONLY IF SO REGISTERED OR IF AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE.

THE CONNECTICUT BANK AND TRUST COMPANY,
As Trustee under U. C. Trust No. 18

9-3/4% TERM SECURED NOTE

Group:

Series:

Number:

\$

, 19

FOR VALUE RECEIVED the undersigned, THE CONNECTICUT BANK AND TRUST COMPANY, not individually but solely as Trustee (the "Lessor") under a Trust Agreement dated as of April 1, 1979 (the "Trust Agreement") with J. P. Morgan Interfunding Corp., a Delaware corporation (the "Equity"), promises to pay to

or registered assigns,
the principal amount of

in installments as follows: [See variations in Annex A attached hereto] and to pay interest computed on the Bond Basis at the rate of 10-3/4% per annum on the principal of each of said installments from and after the maturity thereof, whether by acceleration or otherwise, until paid, provided that there shall be no interest due in respect of any of said installments for the period from and after the maturity thereof if the date of maturity thereof is not a business day and said installment is paid on the first business day following such date of maturity.

All payments of principal of and interest on this Note shall be made at the principal office of Wells Fargo Bank, National Association, 343 Sansome Street, San Francisco, California 94106, in coin or currency of the United States of America which at the time of payment shall be legal tender for the payment of public and private debts.

This Note is one of the 9-3/4% Term Secured Notes which together with the 9-3/4% Interim Secured Notes of the Lessor (said Term Secured Notes and Interim Secured Notes being herein collectively called the "Notes") are issued under and pursuant to the

Participation Agreement dated as of April 1, 1979 (the "Participation Agreement") among the Lessor, the Equity, Union Carbide Corporation, Wells Fargo Bank, National Association, as Lender-Trustee (the "Secured Party"), and the Lenders named in Schedule 1 thereto (the "Lenders") and is equally and ratably with said other Notes secured by that certain Security Agreement dated as of April 1, 1979 (the "Security Agreement") from the Lessor to the Secured Party.

This Note and the holder hereof are entitled equally and ratably with the holders of all other Notes, to all of the benefits and security provided for by or referred to in the Participation Agreement, the Security Agreement and all other supplemental Security Agreements executed pursuant to the Participation Agreement and the Security Agreement, to which instruments reference is made for a statement thereof, including a description of the collateral, the nature and extent of the security and the rights of the Secured Party, the holder or holders of the Notes and the Lessor in respect thereof. Without limiting the foregoing, for convenience of administering the collateral pursuant to Section 5.03 of the Security Agreement, this Note has been issued and delivered in connection with Group _ Equipment.

This Note is registered on the books of the Secured Party and is transferable only by surrender thereof at the principal office of the Secured Party duly endorsed or accompanied by a written instrument of transfer duly executed by the registered holder of this Note or his attorney duly authorized in writing. Payment of or on account of principal, premium, if any, and interest on this Note shall be made only to or upon the order in writing of the registered holder.

This Note may be declared due prior to its expressed maturity date all in the events, on the terms and in the manner provided for in the Security Agreement. Certain prepayments may be made hereon at the option of the Lessor and certain prepayments are required to be made hereon on the terms and in the manner provided for in the Participation Agreement and the Security Agreement.

The Lessor is acting solely in a fiduciary capacity under the Trust Agreement, and is executing this Note only in such fiduciary capacity, with the purpose and intention of binding only the Estate, as defined in the Trust Agreement. Accordingly, Lessor in its individual capacity shall not be bound by nor have any liability or responsibility for any representation, warranty or agreement made by or for the performance of or any failure to perform any obligation or duty undertaken by Lessor herein. However, Lessor in its individual capacity shall be bound by and have liability and responsibility for any representation, warranty or agreement made by Lessor in Sections 7, 8.02 and 10 of the Participation Agreement.

The Equity shall not be liable in its individual capacity to any Lender, the Secured Party or any holder of the Secured Notes for payment of principal, premium, if any, or interest on this Note and each such Lender, Lender-Trustee or holder, by its acceptance of this Note, agrees that it will look solely to the Estate (as defined in the Trust Agreement) for payment of principal, premium, if any, and interest on this Note notwithstanding any rights inconsistent with the foregoing which such Lender, Lender-Trustee or holder may have in any bankruptcy or any reorganization of the Estate.

This Note shall be governed by and construed in accordance with the laws of the State of Connecticut.

THE CONNECTICUT BANK AND TRUST
COMPANY, as Trustee as aforesaid

By _____
Its _____

NOTICE:

THIS NOTE HAS NOT BEEN REGISTERED PURSUANT TO THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE, AND MAY BE OFFERED OR SOLD ONLY IF SO REGISTERED OR IF AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE.

SERIES 1 AND 3 TERM NOTES

(1) Forty-nine installments of principal in the respective amounts set forth below (said amounts being expressed as percentages of the original principal amount hereof) payable on the twenty-fifth day of each January and July in each year, commencing [*] to and including [**], together with interest from and including the date hereof, to but not including [**] at the rate of 9-3/4% per annum computed on the basis of a 360-day year of twelve consecutive 30-day months (the "Bond Basis") on the unpaid principal hereof payable semiannually on the dates for payment of installments of principal set forth above:

<u>Payment No.</u>	<u>Amount of Payment</u>	<u>Payment No.</u>	<u>Amount of Payment</u>
1	1.229301%	25	2.451810%
2	1.289230	26	.583472
3	1.352080	27	1.935458
4	1.417993	28	.910896
5	1.487121	29	1.699186
6	1.559618	30	1.545244
7	1.635649	31	1.776290
8	1.715387	32	1.630613
9	1.799012	33	1.862744
10	1.886714	34	1.672955
11	1.978691	35	1.939279
12	2.075153	36	1.738858
13	2.176316	37	2.017875
14	2.282412	38	1.810733
15	2.393679	39	2.100190
16	2.510371	40	1.884802
17	2.632752	41	2.185940
18	2.761098	42	1.961710
19	2.895702	43	2.275171
20	2.201770	44	2.041780
21	3.144204	45	2.368040
22	1.484386	46	2.125129
23	2.942478	47	2.464701
24	1.035371	48	2.211878
		49	2.565306

; followed by

- [*] insert January 25, 1980 for the Series 1 Term Notes
and January 25, 1981 for the Series 3 Term Notes
[**] insert January 25, 2004 for the Series 1 Term Notes
and January 25, 2005 for the Series 3 Term Notes
[***] insert July 25, 2004 for the Series 1 Term Notes
and July 25, 2005 for the Series 3 Term Notes

(ii) A final installment in an amount equal to the entire principal remaining unpaid as of said date, together with interest from and including [**] to but not including [***] at the rate of 9-3/4% per annum computed on the Bond Basis on the unpaid principal hereof payable on [***].

SERIES 2 TERM NOTES

(1) Forty-nine installments of principal in the respective amounts set forth below (said amounts being expressed as percentages of the original principal amount hereof) payable on the twenty-fifth day of each January and July in each year, commencing July 25, 1980 to and including July 25, 2004, together with interest from and including the date hereof, to but not including July 25, 2004 at the rate of 9-3/4% per annum computed on the basis of a 360-day year of twelve consecutive 30-day months (the "Bond Basis") on the unpaid principal hereof payable semiannually on the dates for payment of installments of principal set forth above:

<u>Payment No.</u>	<u>Amount of Payment</u>	<u>Payment No.</u>	<u>Amount of Payment</u>
1	1.245815%	25	.397573%
2	1.306549	26	1.963115
3	1.370243	27	.770070
4	1.437042	28	1.664977
5	1.507098	29	1.517825
6	1.580569	30	1.742167
7	1.657622	31	1.606946
8	1.738431	32	1.830126
9	1.823180	33	1.643713
10	1.912060	34	1.905591
11	2.005273	35	1.708080
12	2.103030	36	1.982864
13	2.205552	37	1.779025
14	2.313073	38	2.063913
15	2.425835	39	1.851985
16	2.544095	40	2.148366
17	2.668119	41	1.927707
18	2.798190	42	2.236250
19	2.746341	43	2.006555
20	3.068486	44	2.327725
21	1.531540	45	2.088641
22	3.195828	46	2.422942
23	.939411	47	2.174082
24	2.592574	48	2.522054
		49	2.263018

; followed by

(ii) A final installment in an amount equal to the entire principal remaining unpaid as of said date, together with interest from and including July 25, 2004 to but not including January 25, 2005 at the rate of 9-3/4% per annum computed on the Bond Basis on the unpaid principal hereof payable on January 25, 2005.